

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa

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HUD 40th Anniversary (1965-2005)



Hurricane Katrina

HUD, along with other Federal agencies, is working closely with FEMA to provide assistance to the disaster victims of Hurricane Katrina.



Some of HUD's efforts, to date, have been:

*Identified 13,000 vacant multifamily units for occupancy over a 13-state area.

*The Office of Manufactured Housing has identified over 10,000 repossessed manufactured homes for sale to FEMA.

*Established a Hurricane Recovery and Response Center chaired by the FHA Commissioner, Brian Montgomery.

*Established two toll-free hotlines to assist the hurricane victims: 888-297-8685- to assist displaced individuals, and 800-955-2232- to assist tenants which were housed in PIH projects or private residences with Section 8 vouchers prior to the storm.

*Over 20 HUD specialists with expertise in disease abatement, manufactured housing, community planning, and reconstruction have been dispatched to the area. In addition, at least 30 more will be sent.

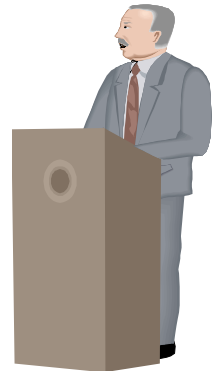
*Issued guidance to project owners and managers with Notice H 04-22 and a clarifying memo.

*Posted guidance at: www.hud.gov/katrina/index.cfm.

New FHA Commissioner

Brian D. Montgomery was sworn in by Secretary Alphonso Jackson as HUD's new Assistant Secretary for Housing-Federal Housing Commissioner on June 21, 2005.

Asst. Secretary Montgomery, a graduate of the University of Houston, previously served as Deputy Assistant to the President and Cabinet Secretary since January 2003. As Cabinet Secretary and a member of the President's senior staff, Montgomery worked to ensure that agency initiatives and programs were effectively communicated to the White House Staff, and acted as one of the primary information sources of White House policy and directives for the Cabinet. Montgomery also served as Director of Presidential Advance from 2001 until 2003.



Acting Deputy Asst. Sec. For Housing

Charles H. Williams has been named to replace former DAS Stillman Knight as the Deputy Assistant Secretary for Multifamily Housing. Prior to being named to this new position, Williams served as the Director of the Office of Housing Affordable Housing Preservation (OAHF).

Acting Director MF Hsng. Development

As a result of the resignation of Michael McCullough, Joseph Malloy, Deputy Director Multifamily Housing Development, has been named as the Acting Director Multifamily Housing Development.

The Phila. Hub wishes Brian Montgomery, Charles Williams, and Joseph Malloy much success in their new positions.

Excellence in Government Awards

The Philadelphia Hub is pleased to announce that six of its employees have received Excellence in Government Awards from the Federal Executive Board. They are as follows:

Lilly Walker, Senior Project Manager (Pittsburgh)- *Gold Award* for Outstanding Service to the Public.



Jane Miller, Supervisory Project Manager (Pittsburgh)- *Bronze Award* for Outstanding Supervisor in an Administrative Series.

Scott Smith, Supervisory Project Manager (Pittsburgh)- *Bronze Award* for Rookie of the Year.

Sanders Public Housing Desegregation Team (Pittsburgh)- *Gold Group Award* for Outstanding Team (Diana Gray, Director Pittsburgh Program Center).

Donna O' Rourke, Administrative Staff Specialist (Philadelphia)- *Bronze Award* for Outstanding Professional Performer.

Helene Willow, Program Assistant (Philadelphia)- *Bronze Award* for Outstanding Clerical Performer.

Mark-to-Market Study



A recent HUD study evaluates how well Mark-to-Market (M2M) has been implemented, including both its cost-effectiveness and its success in meeting the needs of owners and residents of Section 8 properties. The study is available as a free download at: www.huduser.org/publications/PUBASST/evalm2m.html, or in print for a nominal cost by calling 1-800-245-2691.

The study evaluates M2M's effectiveness by determining (1) if it has addressed the problem of growing Section 8 project-based rent subsidies in properties with FHA-insured mortgages, (2) if its restructuring process has encouraged the preservation of affordable housing, (3) if it has spurred capital improvements in Section 8 properties/improved the quality of housing, and (4) if its administrative mechanisms have been efficient and effective.

For each of these objectives, the study offers many detailed findings. For example: (1) rent savings have totaled \$1.79 billion (net present value) over 20 years; (2) the efficiency of processing times for projects has substantially improved, in keeping with policy changes implemented by HUD; (3) the properties that will remain viable with reduced rents but without further HUD action (called "lite" restructured properties) have performed best financially; and (4) HUD has developed a successful strategy to meet the seemingly contradictory legislative goals of achieving cost savings and of preserving affordable housing.

The study offers lessons for future efforts to manage HUD's portfolio of assisted multifamily properties. It was conducted under a contract issued by HUD's Office of Policy Development and Research to Econometrica and its subcontractor, ABT Associates.

Reporting HUD Fraud and Waste

HUD's Office of Inspector General for Investigation (OIG) is interested in knowing about fraud and waste in HUD programs and operations.

Information about fraud and waste should be reported to the OIG by any of the following means:



Telephone Hotline: 1-800-347-3735 (10 AM-4:30 PM).

Web Hotline: Hotline@hudoig.gov.

Fax: (202) 708-4829

Letter: HUD OIG Hotline (GFI), 451 7th Street, SW, Washington, DC 20410

Questions & Answers- HB 4350.3

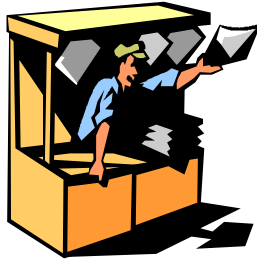


At the time the revised Handbook 4350.3 Rev-1, Occupancy Requirements of Multifamily Housing Programs, was issued in August 2003, a mailbox was established to respond to questions on the handbook. The answers to the questions can be found at:

www.hud.gov/offices/hsg/mfh/rhiip/4350_faqs.pdf.

REAC Facts & News

*It is important that owners understand the REAC inspection process. If they know the 3-2-1- cycle of inspections they can prepare for an upcoming inspection. Every year, the random sample of units will be different so they should not just correct what was cited on the last inspection.



*If a property is under HUD approved rehabilitation, REAC can postpone an inspection. They do not want to perform the inspection while major work is in progress. However, the inspection will not be postponed in anticipation of rehab, a TPA, a HAP transfer, OHAP restructuring, refinancing or prepayment.

*If a projects scores under 60 on two inspections, enforcement action will be taken. Because of this the NOV/NOD from the DEC should be taken seriously. Repairs should not be restricted to what was cited on the previous inspection, since an entirely new inspection will be conducted.

*The administrative record (i.e., 7+ years of REMS physical and financial information) will be considered before approvals or enforcement action are taken. HUD no longer will tolerate troubled properties. The policy is to foreclose, sell the note, or take other enforcement action.

*Unsubsidized note sales occur approximately every 6 months.

*A "zero" will be given for any unit inspected where access cannot be obtained due to the absence of keys. Owners should have keys for all units for emergencies.

*There is much interesting information on the REAC web site. One, in particular, is what items cause the most problems during an inspection. This information will help owners prepare for an inspection.

*Projects scoring under 60 or failing to certify after E H & S deficiencies are referred to DEC.

*The requirement to file financial statements cannot be waived. Failure to file will result in an immediate referral to the DEC. The administrative record is important when considering enforcement action by the DEC.

*No exceptions are made for REAC inspections of cooperatives.

*Overall REAC scores are improving. More projects are scoring in the 80s and 90s.

Fire Safety

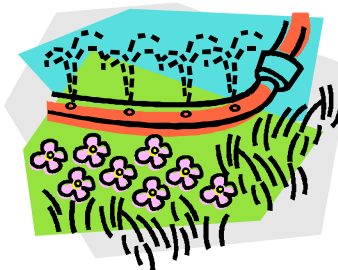
Many newer projects have fire sprinkler systems. When operated as designed, they are highly reliable and an excellent deterrent to fires. However, like all mechanical things, they must be periodically inspected, tested, and maintained.



Most failures involve the water supply and control devices. Some examples are: closed sprinkler control valves, closed public water system valves, mechanical failure, sediment accumulation in back-flow preventers, clogged sprinkler orifices and pipes due to internal corrosion and scale, etc.

To help prevent such problems, owners should visit the National Fire Protection Association's website at www.nfpa.org, for information regarding the inspection, testing, and maintenance requirements of modern sprinkler systems.

Saving Money on Utilities



K & M Management of Dallas, TX has implemented a novel idea to save on its projects' sewer bills. It has convinced all of the towns in which it manages properties to deduct the volume of water used for landscaping from its sewer bills. It accomplished this by sub-metering its buildings to measure how much water is used to irrigate its lawn areas. Although the meters and the sprinkler piping can cost between \$3,000-\$30,000, the system can quickly pay for itself. (Reference: June 2005 issue of Apartment Finance).

Sad News

The Philadelphia Hub mourns the passing of Mary Bera, former Project Manager, who passed away on August 2, 2005 after a courageous battle against cancer.

HUD Website Anniversary

HUD's website, www.hud.gov, recently celebrated its 10th anniversary. The website, which provides a wealth of information, is accessed by over 1 million visitors a month. If you were to print out the entire website at a cost of 1 penny per page and give a hard copy to each of those visitors, it would cost HUD over \$84 billion a year!



MAP Guide Revision



Chapter 1 of the MAP Guide has been revised to allow lenders the option of combining Pre-Application and Firm Commitment applications into one Firm Commitment submission. Previously, New Construction and Sub Rehabilitation applications under Sections 221(d)(3), 221(d)(4),

220, and 232 had to go through two stages of processing- Pre-Application and Firm. The effective date was June 20, 2005.

When a MAP lender goes straight to Firm Commitment, it must address and include all of the exhibits previously required at pre-app with the exhibits required for Firm Commitment processing, and perform all of the responsibilities for Pre-Application and Firm Commitment processing.

Because of this change, the processing timeframe of 45 days for the Field Office review is being amended to 60 days when the pre-application phase is combined into one Firm Commitment application phase.

A copy of the revision can be obtained by going to the following MAP website: www.hud.gov/offices/hsg/mfh/map/mapguide/mapguide.cfm.

New Medicare Prescription Drug Tip Sheet



HHS and HUD have developed a Tip Sheet that provides information on the new Medicare prescription drug coverage and how it will affect persons eligible for and receiving HUD's housing assistance. This Tip Sheet has been posted on HHS' website at: www.cms.hhs.gov/medicarereform/factsheets.asp.

The new Medicare drug coverage goes into effect January 1, 2006. However, low-income persons may apply now for the low-income subsidy that will assist them in paying for their Medicare prescription drug plan costs. Receipt of the low-income subsidy and the Medicare drug coverage will not affect an applicant's/resident's eligibility for receiving rental assistance, although as a person's medical expenses decrease, his/her portion of the rent will increase and the amount of rental assistance received will decrease. It is important to note that no one will be worse off if he/she has the extra help paying for the Medicare prescription drug plan costs. In fact, the amount of savings realized will be more than the increase in rent.

WV RHIIP Initiative

The Charleston Program Center has begun an initiative to provide weekly e-mail tips to owners/agents to reiterate material located in various HUD Handbooks, web sites and newsletters. The goal is to reduce errors in subsidy calculations. This project has been named the West Virginia RHIIP (Rental Housing Integrity Program) Tip E-mail List. (Ref. Jan. 2005 Philadelphia Multifamily Hub News).



Anyone interested in subscribing to the West Virginia RHIIP Tip E-mail List may contact Michael Torreyson, Project Manager at: (304) 347-7000, extension 129, or Michael_Torreyson@hud.gov.

Motor System Efficiency

The U.S. Dept. of Energy has created a free software tool, called MotorMaster+, to help owners to manage existing motor systems and select energy efficient replacements. The tool handles everything from calculating payback on a single motor purchase to comprehensive, integrated motor system management. The website is as follows: www.oit.doe.gov/bestpractices/software_tools.shtml.

Closings

The following closings occurred during August: *Insured-PA*: Hanover Village, Gray Manor, and Baldock Nursing Home; *Section 202/811 Initials-PA*: Family Services GL IV, and DE: Ken Crest DE 2003; and *Section 202/811 Finals-DE*: ARC HUD VII, and WV: Chestnut Manor.